

**Zebra Child Protection  
Centre Society  
Financial Statements**  
For the year ended December 31, 2016

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**Financial Statements**  
For the year ended December 31, 2016

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## Independent Auditor's Report

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### To the Board of Directors of Zebra Child Protection Centre Society

We have audited the accompanying financial statements of Zebra Child Protection Centre Society, which comprise the statement of financial position as at December 31, 2016, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Society derives a material amount of revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to accounts receivable, donations and fundraising revenue, deficiency of revenue over expenditures and cash flows from operations for the years ended December 31, 2016 and 2015, current assets as at December 31, 2016 and 2015 and net assets at January 1 and December 31 for 2016 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.



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## Independent Auditor's Report (continued)

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### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Zebra Child Protection Centre Society as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants

Edmonton, Alberta  
April 20, 2017

**Zebra Child Protection Centre Society  
Statement of Financial Position**

December 31	2016	2015
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 1,045,922	\$ 1,101,570
Short-term investments (Note 2)	15,664	15,263
Accounts receivable	37,658	7,137
Prepaid expenses	4,808	3,811
	1,104,052	1,127,781
<b>Capital assets (Note 3)</b>	<b>162,092</b>	<b>273,423</b>
	<b>\$ 1,266,144</b>	<b>\$ 1,401,204</b>

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 65,651	\$ 122,421
Deferred contributions - operating (Note 5)	728,155	496,912
Deferred contributions - casino (Note 6)	87,185	71,366
	880,991	690,699
<b>Deferred contributions - capital (Note 7)</b>	<b>88,157</b>	<b>238,143</b>
	<b>969,148</b>	<b>928,842</b>
<b>Net assets</b>		
Unrestricted	86,445	300,466
Internally restricted (Note 8)	136,616	136,616
Invested in capital assets	73,935	35,280
	296,996	472,362
	<b>\$ 1,266,144</b>	<b>\$ 1,401,204</b>

Approved on behalf of the board:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

The accompanying notes are an integral part of these financial statements.

## Zebra Child Protection Centre Society Statement of Changes in Net Assets

For the year ended December 31 2016

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 300,466	\$ 136,616	\$ 35,280	\$ 472,362
Deficiency of revenue over expenditures for the year	(159,183)	-	(16,183)	(175,366)
Funding of capital assets (Note 9)	(54,838)	-	54,838	-
<b>Balance, end of year</b>	<b>\$ 86,445</b>	<b>\$ 136,616</b>	<b>\$ 73,935</b>	<b>\$ 296,996</b>

For the year ended December 31 2015

	Unrestricted	Internally Restricted	Invested in Capital Assets	Total
Balance, beginning of year	\$ 412,885	\$ 136,616	\$ 7,415	\$ 556,916
Deficiency of revenue over expenditures for the year	(77,667)	-	(6,887)	(84,554)
Funding of capital assets (Note 9)	(34,752)	-	34,752	-
<b>Balance, end of year</b>	<b>\$ 300,466</b>	<b>\$ 136,616</b>	<b>\$ 35,280</b>	<b>\$ 472,362</b>

The accompanying notes are an integral part of these financial statements.

## Zebra Child Protection Centre Society Statement of Operations

For the year ended December 31	2016	2015
<b>Revenue</b>		
Donations (Note 10)	\$ 985,755	\$ 829,592
Grants	566,202	470,008
Amortization of deferred contributions - casino (Note 6)	55,627	53,971
Amortization of deferred contributions - capital (Note 7)	22,766	31,125
Interest	13,979	12,582
	<u>1,644,329</u>	<u>1,397,278</u>
<b>Expenditures</b>		
Wages and benefits (Note 10)	806,450	593,559
Rent (Notes 10 and 11)	303,952	339,933
Clinical Care	219,759	117,401
Fundraising	81,629	142,870
Children's items and clothing	78,130	4,340
Travel	57,878	51,064
Communication tools	49,242	52,807
Professional fees	47,391	42,290
Office	46,885	18,782
Amortization	38,949	38,012
Very Important Paws Program	20,000	2,256
Volunteer recognition	16,253	11,439
Insurance	13,960	5,420
Telephone	9,942	8,454
Computer support	8,125	6,803
Repairs and maintenance	7,043	2,682
Interest and bank charges	5,960	4,297
Children's snacks	5,337	4,445
Consulting fees	2,339	604
Utilities	471	-
	<u>1,819,695</u>	<u>1,447,458</u>
Deficiency of revenue over expenditures before undernoted item	(175,366)	(50,180)
<b>Other expenditures</b>		
Repayment of Mental Health Grant	-	(34,374)
Deficiency of revenue over expenditures for the year	<u>\$ (175,366)</u>	<u>\$ (84,554)</u>

The accompanying notes are an integral part of these financial statements.

## Zebra Child Protection Centre Society Statement of Cash Flows

For the year ended December 31	2016	2015
<b>Cash flows from operating activities</b>		
Deficiency of revenue over expenditures for the year	\$ (175,366)	\$ (84,554)
Adjustments for non-cash items		
Amortization	38,949	38,012
Amortization of deferred contributions - capital	(22,766)	(31,125)
	<u>(159,183)</u>	<u>(77,667)</u>
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(30,521)	41,599
Increase in prepaid expenses	(997)	(3,290)
Increase (decrease) in accounts payable and accrued liabilities	(56,770)	60,650
Increase in deferred contributions - operating	251,243	41,958
Increase in deferred contributions - casino	15,819	30,953
Increase (decrease) in deferred contributions - capital	(4,938)	3,965
	<u>14,653</u>	<u>98,168</u>
<b>Cash flows from investing activity</b>		
Purchase of capital assets	(69,900)	(38,717)
<b>Increase (decrease) in cash during the year</b>	<b>(55,247)</b>	<b>59,451</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,116,833</b>	<b>1,057,382</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,061,586</b>	<b>\$ 1,116,833</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 1,045,922	\$ 1,101,570
Short-term investments	15,664	15,263
	<u>\$ 1,061,586</u>	<u>\$ 1,116,833</u>

The accompanying notes are an integral part of these financial statements.



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# Zebra Child Protection Centre Society

## Notes to the Financial Statements

December 31, 2016

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### Nature of operations

Zebra Child Protection Centre Society ("the Society") works to improve the life experiences of children in the community who have suffered abuse. This is done by providing a collaborative and integrated environment; developing and implementing leading practices; offering support and "giving a voice" to the child and family throughout the process of disclosure, investigation, intervention and prosecution - each applied to appropriately address the best interests of each child. The Society's outreach programs seek to educate and engage the community in protecting children through reporting signs of abuse and advocating for protection and justice. The Society is incorporated under the Societies Act of Alberta, and is a registered charity under paragraph 149(1)(f) of the Income Tax Act and is exempt from income taxes.

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### 1. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

#### Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

#### Revenue recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions for the acquisition of capital assets are recorded as deferred contributions - capital and are amortized to revenue on the same basis as the capital assets are amortized to expenditures.

Proceeds from fundraising events are recognized as revenue in the year when the event occurs if the amount to be received can be reasonably estimated and measurement is reasonably assured.

Investment income is recognized as revenue when earned.

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2016

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1. Summary of significant accounting policies (continued)

**Financial instruments**

The Society initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed to by the related parties.

The Society subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations.

**Capital assets**

Capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Asset	Method	Rate
Audio/visual equipment	Declining balance	30%
Office equipment	Declining balance	20%
Furniture	Declining balance	20%
Computer equipment	Declining balance	30%
Vehicle	Declining balance	30%
Leasehold improvements	Straight-line	10 years

**Contributed services**

Volunteers contributed time to assist the Society in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

**Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand and short-term deposits with term maturity of three months or less from year-end.

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2016

### 2. Cash and short-term investments

Cash and short-term investments include \$100,226 (2015 - \$71,754) which is externally restricted for expenditures approved by the Alberta Gaming and Liquor Commission pursuant to the Society's casino application, and \$728,155 (2015 - \$496,912) that is restricted for operations as disclosed in Note 5.

The Society has invested in Guaranteed Investment Certificates bearing interest at a rate of 0.6% per annum, with a maturity date in 2017.

### 3. Capital assets

	2016		2015	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Audio/visual equipment	\$ 68,158	\$ 62,513	\$ 65,760	\$ 60,603
Office equipment	52,419	50,303	52,419	49,774
Furniture	312,684	202,829	256,189	182,430
Computer equipment	117,199	100,862	112,205	94,930
Vehicle	43,531	15,392	34,752	5,213
Leasehold improvements	-	-	173,735	28,687
	<u>593,991</u>	<u>431,899</u>	<u>695,060</u>	<u>421,637</u>
Net book value		<u>\$ 162,092</u>		<u>\$ 273,423</u>

### 4. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2015 - \$22,599).

## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2016

5. Deferred contributions - operating

	2016	2015
Family and Community Safety	\$ 303,573	\$ -
Clinical Care	171,534	190,208
Court Preparation and Refinement	61,864	41,904
Toy Closet	46,790	46,790
Ladies on the Green	38,543	-
Courthouse Dog Program	32,419	44,171
Centre Renovations	24,793	32,734
Multi-disciplinary Training	11,507	11,507
Associated Canadian Travellers - Awareness and Equipment	10,860	10,476
Clothing	10,719	10,719
Zebra Centre Film	7,703	7,703
RCMP Rent Pre-payment	4,253	-
Telus Grant	3,597	10,147
Children's Support Services - General	-	69,251
Alberta Justice	-	20,000
Leading Practices Workshop	-	1,302
	\$ 728,155	\$ 496,912

Deferred contributions - operating represents externally restricted operating funds that are to be used to pay for expenditures in the next year.

6. Deferred contributions - casino

	2016	2015
Balance, beginning of year	\$ 71,366	\$ 40,413
Add: casino funds - net	75,314	84,924
Less: amounts amortized to revenue	(59,495)	(53,971)
Balance, end of year	\$ 87,185	\$ 71,366

Deferred contributions - casino represents externally restricted funds received from the operation of a casino fundraiser. The Alberta Gaming and Liquor Commission approves and issues licences for casino events and the proceeds must be used on approved expenditures as stated in the casino application.

The difference in the current year between externally restricted cash (Note 2) and the balance for deferred contributions - casino is made up of accounts payable of \$13,041 (2015 - \$388) related to expenditures which will be paid out of the externally restricted cash account.

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2016

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7. Deferred contributions - capital

	2016	2015
Balance, beginning of year	\$ 238,143	\$ 265,303
Add: contributions received	17,828	3,965
Less: amounts amortized to revenue	(22,766)	(31,125)
Less: amount recognized on disposal of capital asset	(145,048)	-
Balance, end of year	\$ 88,157	\$ 238,143

Deferred contributions - capital represents externally restricted contributions used for the purchase of capital assets. These amounts are amortized and included in revenue on the same basis as the amortization of the related capital assets purchased with the funds.

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8. Internally restricted net assets

The internally restricted net assets at the end of the year are comprised of \$51,797 (2015 - \$51,797) for Child Support Services and \$84,819 (2015 - \$84,819) for Clinical Care for children.

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9. Interfund transfers

During the year, \$54,838 (2015 - \$34,752) was used from unrestricted net assets to fund the cash outlays for the capital asset additions and \$3,741 (2015 - \$nil) was used from deferred contributions - unspent (Associated Canadian Travellers). The remaining \$14,087 (2015 - \$3,965) of capital asset additions was funded using proceeds from donations from the Centre Renovations Fund, Victims of Crime Fund, Courthouse Dog Program Fund, and Casino Fund.

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10. Donations

Donations revenue includes \$272,951 (2015 - \$318,909) of donations-in-kind from the Edmonton Police Service for rent and parking at the premises for the year. Also, \$147,439 (2015 - \$7,500) of donations-in-kind was received for Toy Closet inventory, 1,220 Metro Inc. common shares, capital assets, and equipment rental (2015 - event space and food as well as for equipment rental) that have been included in donations revenue. Other goods and services received have not been recorded in these financial statements as the fair market value is too difficult to determine.

Various other expenditures are incurred by the Edmonton Police Service and Alberta Children's Services and are not charged to the Society, including wages and benefits, office supplies, insurance and other related costs. As a result of the difficulty in determining many of these amounts, the costs have not been estimated and recorded in these financial statements. As information, in 2016, the Child Protection Section and Child At Risk Response Team (CARRT) of the Edmonton Police Service budgeted \$2,367,878 (2015 - \$2,082,611) and \$890,479 (2015 - \$910,912), respectively, to be dedicated to the operation of the Society. These amounts represent labour and other administrative costs relating to the individuals that work directly with the Society but these costs have not been included in these financial statements.

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## Zebra Child Protection Centre Society Notes to the Financial Statements

December 31, 2016

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**11. Lease commitments**

The Society's premise is under a five year operating lease that expires October 2021, in which the City of Edmonton is the tenant in the lease. The total rent commitment for the City, including custodial and parking, is estimated at \$272,951 per annum for 2017. The Edmonton Police Service has approved funding up to \$379,104 for 2017 towards payment of rent, parking and custodial fees. If rent exceeds the above and other funds are not received from the City, the Society is required to fund the remaining balance.

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**12. Financial instruments**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to its investment in Guaranteed Investment Certificates. The Society is also exposed to credit risk as it maintains all its bank accounts at a single financial institution. Balances in these accounts may exceed federally insured amounts.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to this risk through its investment in Guaranteed Investment Certificates with fixed interest rates, resulting in changes in fair value of the Guaranteed Investment Certificates as market interest rates change.

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**13. Financial risk management**

The Society is exposed to a variety of financial risks by virtue of its activities. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Most funds are kept in cash or short-term investments and exposure to equity or higher risk instruments is very limited at this time.

The Board of Directors have the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies. Risk management is monitored by the Executive Director and proposed changes to the investment policies are recommended, reviewed and approved by the Board of Directors.

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